NOMINATION OF VERONICA HAGGART

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

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NOMINATION OF VERONICA HAGGART TO BE A COMMISSIONER OF THE U.S. INTERNATIONAL TRADE COMMISSION

TUESDAY, MARCH 2, 1982

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 2221, Dirksen Senate Office Building, Hon. Robert Dole (chairman) presiding.

Present: Senators Dole, Packwood, Danforth, Chafee, Durenberger, Armstrong, Grassley, Long, and Baucus.

[The press release announcing the hearing follows:]

[Press Release No. 82-108]

FINANCE SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT SETS SUPPLEMENTAL HEARING ON AUTOMOBILE SAFETY TAX BILL

The Honorable Bob Packwood, Chairman of the Subcommittee on Taxation and Debt Management of the Senate Committee on Finance, announced today that the Subcommittee will hold a second hearing on Tuesday, March 2, 1982 on a tax bill dealing with issues of automobile safety. Senator Packwood announced that, at this second hearing, the Subcommittee will hear only from the Administration's witnesses, who were unable to testify at the earlier held on January 28, 1982.

The hearing will begin at 2:00 p.m. in Room 2221 of the Dirksen Senate Office Building.

The CHAIRMAN. I understand Senator Long is on the way as are other members of the committee. I want to say it is a great pleasure for me to welcome to the Committee on Finance, Ms. Veronica A. Haggart, who has been nominated to be a Commissioner of the U.S. International Trade Commission. It is also a great pleasure for me to welcome Congresswoman Virgina Smith to these hearings. We are delighted to have both of you here I wonder if at this time, Mrs. Smith, you would like to make a statement. We will be very pleased to hear you now.

STATEMENT OF HON. VIRGINIA SMITH, CONGRESSWOMAN FROM THE STATE OF NEBRASKA

Mrs. SMITH. Chairman Dole, and members of the committee, I consider it a great pleasure to appear before this committee in support of the nomination of Veronica A. Haggart as a Commissioner to the International Trade Commission.

Veronica comes from a long line of Nebraskans who have contributed significantly to the betterment of the State of Nebraska.

Her parents, Mr. and Mrs. Richard Haggart, reside in St. Paul, Nebr., which is located in my district.

Veronica graduated from the University of Nebraska and came to Washington. She gained considerable expertise in agricultural and international matters as a special assistant to Clayton Yeutter who was the Assistant Secretary of Agriculture, and also the deputy U.S. trade representative.

I visited with my good friend Clayton Yeutter just a couple of days ago and he regrets very much that he couldn't be in the city this morning because he also wanted to speak in behalf of Ronnie.

Veronica graduated from Georgetown University Law School in 1976. She then served as a law clerk to Judge June L. Green at the U.S. District Court for the District of Columbia. Then she went into private practice, and she is the senior partner in the firm of Heron, Haggart, Ford, Burchette and Ruckert. Agricultural and international issues have been the specialties of this firm. I think her education and experience gives her a superb background as an ideal candidate for this Commission. And I am happy to have the opportunity of speaking in her behalf.

The CHAIRMAN. Thank you very much. I appreciate those remarks. I saw Mr. Yeutter yesterday and he indicated the same thing. And the record should show that had he not been required to leave, he would have been here this morning.

I believe all of the members of the committee have been provided with biographical material on the nominee. A financial disclosure form of the nominee has been reviewed as well as materials which were filed with the Office of Government Ethics. I am satisfied that there are no problems in this area. The Director of the Office of Government Ethics has forwarded a letter to the committee approving the nominee's compliance of the Ethics and Government Act. The letter will be made a part of the record.

[The letter follows:]

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., Feb. 17, 1982.

Hon. ROBERT DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Veronica A. Haggart, who has been nominated by President Reagan for the position of Commissioner of the United States International Trade Commission (ITC).

We have reviewed the report and have also obtained advice from ITC concerning any possible conflict in light of the Commission's functions and the nominee's proposed duties. Based thereon, we believe that Ms. Haggart is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER, *Director.*

STATEMENT OF MS. VERONICA HAGGART, NOMINEE, TO BE A COMMISSIONER OF THE U.S. INTERNATIONAL TRADE COMMISSION

The CHAIRMAN. Ms. Haggart, I would like to ask you the following questions: Do you know of any reason you are not qualified to hold the position to which you have been nominated?

Ms. HAGGART. No, Senator, I do not.

The CHAIRMAN. Have you reviewed the conflict of interest laws and regulations with the committee's chief counsel?

Ms. HAGGART. Yes, Senator, I have.

The CHAIRMAN. And do you have any statement you would like to make for the record or for those of us who are here?

Ms. HAGGART. Mr. Chairman, I have no prepared remarks. However, I would like to first of all thank Congresswoman Smith for her time and her kind words on my behalf this morning. Mrs. Smith has represented the Third District of Nebraska superbly and has long had a personal interest in international trade matters; in particular, as they relate to agriculture. So I thank her for coming this morning.

In addition, Mr. Chairman, I would simply like to say that I am very honored to be being considered by President Reagan and by yourself, Chairman Dole, for this position. I think international trade is an area that is extremely important to each and everyone of us. If confirmed, I am looking forward to my new responsibilities with great enthusiasm. And intend to conduct myself and address the cases before the Commission with impartiality and objectivity. I'd be pleased to answer any questions which you, Mr. Chairman, or any members of the committee might have.

The CHAIRMAN. Senator Packwood, do you have questions?

Senator PACKWOOD. I don't have any opening statement. I have a number of questions. I am curious. You are only 32 or 33. I am more curious about the law firm. When did you found it?

Ms. HAGGART. About 9 months ago, Senator. [Laughter.]

Senator PACKWOOD. And already it is Heron, Haggart, Ford, Burchette and Ruckert. How many people are in this firm?

Ms. HAGGART. There's about 9 or 10 of us now, Senator.

Senator PACKWOOD. And after just 9 months, you are going to sever all your relationship with it and off you go to the International Trade Commission?

Ms. HAGGART. Yes, sir.

Senator PACKWOOD. What do you think of reciprocity? I mean that in the trade sense, not a personal sense. [Laughter.]

Ms. HAGGART. Senator, that is certainly a topic that is gaining a lot of discussion today. And I am aware that many members of this committee have expressed interest in it, and, in fact, have introduced legislation in that regard. Let me simply say that in my position as a Commissioner at the International Trade Commission, I feel it is my responsibility to take a look at the facts of each case that is presented. And to apply the law, which is the responsibility of the Congress to pass. And whatever the Congress determines is the appropriate law in this area, I will endeavor to apply that to the cases before the Commission.

Senator PACKWOOD. Let me ask your opinion on the law. Do you think Congress has the right, without violating GATT, to impose what we think are reciprocal trade barriers against Japan if, in our judgment, they are not opening up their markets fairly to us?

Ms. HAGGART. Well, Senator, again, I would just simply say that as you know the International Trade Commission is an independent factfinding agency. And in my role there, I do not believe I will be getting involved in policymaking matters such as you have just described.

Senator PACKWOOD. No, I'm more curious about your legal opinion now based upon your practice.

Ms. HAGGART. Well, certainly that is an area that is of great concern to a number of those of us involved in the international trade area. And certainly the Congress has the prerogative of determining our laws and how we should participate in the international trade arenas such as GATT. And that would certainly be a prerogative of Congress.

Senator PACKWOOD. To use the common expression around here, you have left yourself a lot of running room. [Laughter.]

I have no other questions, Bob.

The CHAIRMAN. Senator Durenberger.

Senator DURENBERGER. No.

The CHAIRMAN. Senator Baucus.

Senator BAUCUS. Thank you, Mr. Chairman. Ms. Haggart, how do you view the International Trade Commission? Do you view it as an international body? That is, a body that looks at the global trade patterns of the country? Or do you see it solely, entirely as an American institution advocating the American points of view?

Ms. HAGGART. Senator, I see the Commission as an independent factfinding body as determined by this Congress. And certainly international trade matters are global in nature. And the cases which come before the Commission require us to take a look at the facts of the case, each case, in terms of their international implications.

Senator BAUCUS. But do you see the Commission as a platform to express the American point of view? Do you think the Commission should become more aggressive in advocating the American trade points of view? I am just trying to get your sense of how you see the Commission. What should it do? Has it done anything in the past which you tend to disagree with? If you had your way, would you change the direction, the intensity of the Commission in any way?

Ms. HAGGART. Senator, I see the Commission as an independent factfinding Commission which was charged by Congress to investigate cases and provide a basis for the Congress and the executive to make such policy decisions as you are speaking of. And this is how I would see the role of the Commission. Certainly, it will be as aggressive as the Congress determines that it should be, and mandates that it should be by the laws that it asks us to apply to the cases before it.

Senator BAUCUS. Do you think the United States should pick up more for its trade positions than it has in the past? Should we be tougher with the Japanese, say?

Ms. HAGGART. Senator, that is the prerogative of the executive branch as to the trade policy positions which we take. Certainly in my role as Commissioner, I will do everything to see that the Commission provides the factual bases so that that job will be made easier for both the Congress and the executive.

Senator BAUCUS. Do you think the Commission has adequate resources to find and make those facts and determinations?

Ms. HAGGART. If you are speaking of our budget, Senator, I am sure no agency ever has enough budget.

Senator BAUCUS. That's true. I mean within reason.

Ms. HAGGART. That I would have to take a better look at once I get at the Commission. It's my understanding that the Commission does have a superb staff. But, again, I am sure resources are always a problem as they are in our total budget picture.

Senator BAUCUS. Why did you take this job?

Ms. HAGGART. Well, Senator, I have a personal interest in international trade matters. I do think it is an important and increasingly important area for our country, and for each and every individual. And I have served in the Government in the past. I have enjoyed Government service. And I'm looking forward to the challenges that the Commission will present.

Senator BAUCUS. I agree with all those points, too. And I just suggest that you continue trying to find imaginative and innovative ways to help the American trade position be consistent with the roles of the Commission as a factfinding, independent agency. But I just think our country has to be much more imaginative than we have been in the past. I wish you luck.

Ms. HAGGART. Thank you, Senator. I appreciate your comments.

The CHAIRMAN. Senator Long.

Senator LONG. Do you have some familiarity or background of the legislative fight which this committee was involved in trying to make this International Trade Commission independent of the executive branch?

Ms. HAGGART. Yes, Senator, I do. I have reviewed this material.

Senator LONG. You may recall in the background material of 1968 there were negotiations going on, I think, in the Kennedy round—and we informed our negotiators in Geneva that they did not have the authority to negotiate with regard to the antidumping code and the American selling price. They indicated that they were well aware of it. And notwithstanding that, at the conclusion, the very last closing day of that conference, they proceeded to make themselves a deal that would have had the effect, from my point of view, of repealing the antidumping laws in this country by executive agreement. And at that time the then Chairman of the Commission, came before us and argued a novel theory, which I had never heard argued before. But the argument was that they could read that antidumping code right along side the one that they wanted to agree to. Just make it agree with the statute, he said. And he said the commission could read them so that there would be no conflict. And so it can. You just read—if this one says black is white and that one says that white is white, you just ignore the one that says that black is white. Or the other way around. Whichever way you want to do it.

Now we have fought, since that time, to make what is now the International Trade Commission—the name has changed, but it's the same for our purposes—to make this Commission independent of the executive. And we even fought to see to it that the budget is not dictated by the executive, that it can litigate its own matters in court because we could see how those over in the State Department, for their purposes, would seek to dominate this Commission by way of the White House. This is one of those areas where people think that the end justifies the means. And I've thought about that many times. It's all a matter of degree. But the point of view of one in the State Department—one would feel that all these trade mat-

ters—sure they have some significance—but that he at his desk can save the world from a great war that should be avoided, it would be worth giving away every industry we have to bring about that purpose.

I have attended some conferences where some in the defense area would feel that in order to obtain a very close limitation on the law of the sea, it was really worth giving away any rights American fishermen had beyond that 3-mile limit in order to achieve that objective. I can recall on one occasion at a Geneva conference that the people in the fish industry told me, Senator, this conference must fail. There is no way it can succeed. In trying to get this 3-mile limit agreed to or as close a limit as they can, they had given away more than 100 percent of our fish. And once those people found out that they were giving away the fish twice, there's no way the conference can succeed because the people will be disappointed who think they are going to benefit from receiving all of our fish.

And that's about the kind of thing that has been done now. Mr. Kissinger, with all due respect, a great Secretary of State, but to him the whole trade matter was foreign relations. And it should be within the power of the Secretary of State with the support of the President to make any trade concessions that he wanted to if it was of sufficient significance for all those things involved. And what tends to happen is that some nation, having a dispute with the United States, waits until we need a vote on the Security Council at the United Nations. At that point, they insist that we have got to give away our rights or the American industry must be sacrificed. It might not be a complete sacrifice, but a very severe injury for an American industry.

And that's what Congress has sought and previous committees have sought to fix it so that they just can't give that sort of thing away certainly by way of the International Trade Commission. And that's why we tried to make this Commission independent.

Now it is very important that it should be that way because sooner or later I think that there you are, you will have to start looking at the trends that are developing here. We are running an enormous deficit in our trade balance. I am sure you are familiar with that.

Ms. HAGGART. Yes, sir.

Senator LONG. Can you tell me how much it is right now on an annual basis?

Ms. HAGGART. I don't have the figure at my fingertips.

Senator LONG. Well, if I said $40 billion, would that sound fairly reasonable?

Ms. HAGGART. It sounds right.

Senator LONG. That's an off-the-cuff guess, but that wouldn't be too far from it. Now our friends, the Japanese, are over here telling us that everything is fine and we ought to continue to do business just the way we are. We are running a $18 billion deficit with them. Now there are some people like Mr. Weidenbaum who sits on the council of economic advisers. He says "oh, don't you worry about all of that. Our balance of payments is in better shape than that." And it's true—one should have a satisfactory balance of payments. But if they make a $17 billion profit a year with us and use

that buying up all of our plants, and our factories, and our farms, after a while, Japan would own the United States. Even then, we would be reflecting a favorable balance of payments all the way because in spite of our unfavorable trade balance, they are putting the money back in here buying up America.

Now some of us are concerned that we ought to be able to pay our way by trading commodities for commodities, especially when we are doing business with a country like Japan, which is not shipping us anything that we can't manufacture here. I don't think we ought to have to separate ourselves from the ownership of our own farms and factories and office buildings here in the United States. And we just expect your Commission to be sufficiently independent that it will do what it thinks, in its own conscience, is right. But to us, it is very important that that decision not be dictated by the White House. It's not that we have any fault with the President about these matters, it's that those over in the State Department, generally in the State Department, or some other agency of Government, for reasons that they think are justified, want to control that Commission. And I hope you understand that you don't work for them.

Ms. HAGGART. Senator Long, I certainly share your views concerning the independence of the Commission. And will strive to maintain that independence during my term.

Senator LONG. Some of us have fought very hard that it be independent. And I hope, very much, that you will work with us to try to keep it that way. Because all we want is an honest answer from your Commission. I say "your Commission;" I hope you will be confirmed to it.

But I don't think that is asking too much. Now without that, I don't think there is any real justification for having it. We might as well just give it to the State Department and be done with it. Give it to the Commerce Department. The Commission was established in the hope that we could have an honest factfinding body somewhere that would not be controlled by some other department of Government. And I hope, very much, that you will keep that in mind as you exercise your responsibilities.

Ms. HAGGART. I certainly will, Senator. Thank you.

The CHAIRMAN. Senator Danforth.

Senator DANFORTH. No questions.

The CHAIRMAN. I think Senator Long, Ms. Haggart, has summarized what many of us feel on this committee. This Commission is a creature of this committee. And we feel, particularly Senator Long—feel strongly about it. But he has had a special interest in the creation of the Commission for the reasons he has just outlined. I am also very interested. Particularly in an area that I think has long been neglected, and that's in the field of agriculture. I might say that is why we are pleased that you have accepted this responsibility. This is a very important segment of our economy that is often overlooked. Whether it's by the Office of Special Trade Representative, or by the State Department, or whatever office, somehow agriculture is pushed aside. It would seem to me that with your background and coming from the State of Nebraska, which is highly agricultural, with your specializing in that area, it will be a great help to the Commission. So we are very pleased that

you have accepted this appointment. Do you have an unexpired term to fill?

Ms. HAGGART. That's correct, Senator. I believe it is June of 1984.

The CHAIRMAN. June of 1984. Are there other questions of anyone on the Committee?

[No response.]

The CHAIRMAN. I understand that there are no other questions. The minority and majority staff have reviewed the necessary records and have no questions.

Senator LONG. I would like to ask just one further question, Mr. Chairman.

The CHAIRMAN. Yes.

Senator LONG. I read an editorial that rather confused me. So if you don't know the answer, I won't hold it against you because I didn't know the answer either. And I'm not sure I understand it even now. But I read an editorial in the Washington Post yesterday having to do with savings. And it said in the article that an unfavorable balance of merchandise trade reflects itself on our books here in the United States as an increase in savings. Now can you explain how that could be?

Ms. HAGGART. Not off the top of my head, Senator. It doesn't quite seem to follow. I would have to agree with you on that.

Senator LONG. I would appreciate it very much if after you have been confirmed the job—I won't require that you learn it before you are confirmed—but sometime in the next month or so you look at that matter and with whatever technical help you can receive up there in that job, and please favor the committee with a memorandum. I would like to see it myself. It would show how it would be that an unfavorable balance of trade reflects itself on the books in this country as though we have saved a lot of money. That's one of those many things where somebody in the Government, I suppose, finds a way to make it look like you are getting rich when you are going broke. And it would be helpful to some of us to know just why that is.

Ms. HAGGART. I would be pleased to do that, Senator Long.

Senator LONG. Just a brief explanation. I think the Commission could explain it to me a lot better—perhaps with a couple of illustrations.

The CHAIRMAN. Are there other questions?

[No response.]

The CHAIRMAN. If not, I would ask that the biographical material of Ms. Haggart be made a part of the record.

[The biographical material follows:]

BIOGRAPHICAL DATA OF VERONICA A. HAGGART

Ms. Veronica Haggart is currently a senior partner in the law firm of Heron, Haggart, Ford, Burchette & Ruckert in Washington, D.C. She specializes in administrative law and litigation as it relates to international trade and agriculture. Her international trade practice has involved extensive work with the GATT; Section 301 cases; the Generalized System of Preferences; and various bilateral trade issues involving such matters as tariffs and licensing practices.

Prior to starting her own firm, Ms. Haggart was associated with the Washington firm of Pope, Ballard and Loos. In 1977–78, Ms. Haggart was law clerk to the Honorable June L. Green, U.S. District Court for the District of Columbia. Prior to her

clerkship with Judge Green, Ms. Haggart was a law clerk with the Washington firm of Cole, Corette and Bradfield and with the U.S. Department of Justice. From 1973 to 1975 Ms. Haggart was Special Assistant to the Assistant Secretary of Agriculture where she was involved with both the Department's international trade and consumer services programs. She also served as Special Assistant to the Deputy U.S. Trade Representative.

Ms. Haggart was born in Lincoln, Nebraska in 1949 and grew up in St. Paul, Nebraska. She received her B.A. from the University of Nebraska and her J.D. from Georgetown University Law Center where she served as an editor on the American Criminal Law Review. Ms. Haggart is admitted to practice in the District of Columbia and before the Court of Claims. She is a member of the District of Columbia Bar Association; the Federal Bar Association; the Women's Bar Association; and the American Bar Association. Ms. Haggart is the co-author of the section on the Office of the U.S. Trade Representative in the Federal Administrative Practice manual soon to be published by the Administrative Law Section of the Bar Association of the District of Columbia. She currently serves as chairman of the Agriculture Committee of the ABA Administrative Law Section.

The CHAIRMAN. I would say just for your reassurance, all the people in the room aren't the clients of the ITC, the large group here this morning. We certainly welcome you. I don't want to frighten you with all these people. But we are pleased that you are here. And if there are no other questions, and if it is satisfactory with Senator Long and Senator Baucus, I would like to move that the committee favorably report the nomination of Ms. Veronica A. Haggart to be a Commissioner of the United States International Trade Commission.

Senator LONG. I second.

The CHAIRMAN. All in favor say "aye."

(Chorus of "ayes.")

The CHAIRMAN. Opposed, "no."

[No response.]

The CHAIRMAN. Well, you've made the first big step to this very tough committee. [Laughter.]

Thank you.

Ms. HAGGART. Thank you, Mr. Chairman, and members of the committee. I appreciate your time.

The CHAIRMAN. Thank you.

[Whereupon, at 10:35 a.m., the hearing was adjourned.]

[By direction of the chairman the following communication was made a part of the hearing record:]

WASHINGTON, D.C., *March 1, 1982.*

Hon. ROBERT DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

MY DEAR CHAIRMAN: The Reagan administration is fortunate in obtaining the services of Veronica A. Haggart to be a member of the U. S. International Trade Commission. She comes from a fine family in Nebraska. Her character is excellent and her training and experience fit her for this position. I wholeheartedly recommend her to your Committee.

Respectfully submitted.

CARL T. CURTIS,
U.S. Senator, Retired.

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